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香港期貨交易所有限公司

(香港交易及結算所有限公司全資附屬公司)

Hong Kong Futures Exchange Limited*(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)*

通告 CIRCULAR

事項

Subject: New Arrangement for Market Makers in Using Mass Quotation Facility of the HKATS

查詢

Enquiry: Ms. Flora Lo 2211 6137 or FloraLo@hkex.com.hk

Reference is made to the circular (ref: ED/DMD/PDM/023/06) dated 16 June 2006 regarding market making by providing continuous quotes (CQ) in futures and options. The Exchange is pleased to announce a new arrangement for market makers performing CQ (CQMMs) in using the Mass Quotation Facility¹ of the HKATS effective from 2 September 2013.

Under existing policy, the Exchange will consider providing Mass Quotation Facility for CQMMs with at least 100 assigned CQ series in HKFE's futures and options and SEHK's stock options combined to facilitate their market making operations. The new arrangement will allow CQMMs, who are making market in HKFE products only, to use Mass Quotation Facility if they commit to increase the obligations as follows in order to meet the threshold of not less than 100 assigned CQ series combined:

Contracts	Existing Assigned CQ Series	New Assigned CQ series (optional)
HSI Options	Not less than 24 option series	Not less than 40 option series
H-shares Index Options	Not less than 24 option series	Not less than 40 option series
Mini-HSI Options	Not less than 12 option series	Not less than 20 option series

All other market making requirements shall remain unchanged (including minimum quote size, maximum bid/offer spread, percentage of trading hours and options series selection pool).

Performance of CQMMs under this new arrangement shall be measured on the basis of the new assigned CQ series committed. CQMM shall be entitled to trading fee discount (i.e. same discount rate as other CQMMs) only if it satisfies the market making requirements. Claw-back of trading fee discount will apply if CQMM fails to meet the committed obligations. The market making permit may be revoked if CQMM fails the obligations for two consecutive months.

¹ Mass Quote is a message type on HKATS that allows market makers to send in multiple orders to the central order book in 1 transaction (i.e. current ratio is updating 6 pairs of bid and ask per transaction).



As CQ will generate additional traffic to HKATS, the Exchange may control the number of CQMMs in using Mass Quotation Facility, if it deems necessary. The Exchange may exercise discretion in offering Mass Quotation Facility to selected CQMMs based upon past experience and performance as well as system readiness of the applicants. Any additional commitments applicants may make are also factors for consideration.

Application Procedure

Interested parties may submit application by returning the completed application form in the Appendix by e-mail clicksupport@hkex.com.hk or by facsimile 2509 0724 / 2877 0017.

Sanly Ho
Head
Derivatives Trading
Global Markets Division

This circular has been issued in the English language with a separate Chinese language translation. If there is any conflict in the circulars between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.



Application Form for the Increase of Assigned Continuous Quotes Series and the Use of Mass Quotation Facility of the HKATS for Stock Index Options Market Makers

A. Particulars of the Application

We hereby apply for increasing the number of assigned series for continuous quotes (CQ) in the following options product(s) and using the Mass Quotation Facility of the HKATS with reference to the circular (ref: DMD/133/13) issued by HKFE dated 16 August 2013:-

Name of Market	No. of Assigned CQ Series	Intended Effective Date*
<i>Example: HSI Options</i>	<i>Example: 40</i>	<i>Example: 2 September 2013</i>

* must be the first business day of the calendar month

B. Particulars of the Applicant

Name of Exchange Participant:			
Contact Person :			
Position:			
Telephone Number :		Fax Number :	
Email Address :			

Authorized
Signature(s) of the
Exchange
Participant

Date

(with Company Chop)

Name of Signatory

Position

Please complete and return the form by e-mail (clicksupport@hkex.com.hk) or by facsimile (2509 0724 / 2877 0017). For any enquiry on the application status, please contact HKATS Hotline (2211 6360).